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SUGAR REPORTS

U. S. DEPARTMENT OF AGRICULTURE • PRODUCTION AND MARKETING ADMINISTRATION • SUGAR BRANCH

WASHINGTON, D. C.

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No. 5

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MARKET SUMMARY

The trend of raw sugar prices in the domestic market has been upward since March. The duty paid price of 5.9 cents per pound reached June 23 was the highest since January 1948. Stability, however, has been the outstanding characteristic of raw sugar prices in the domestic market throughout the past year. A spread of 23 points covers the extreme range in monthly average duty paid raw sugar prices from July 1948 to date.

Quoted prices of refined cane sugar have ranged from \$7.75 to \$8.10 per 100 pounds so far in 1949, but during the first quarter of the year the bulk of sugar sold was delivered on contracts at a price of \$7.75 per 100 pounds, and during the second quarter the contract price generally has been \$7.85 per 100 pounds. During May and again during June efforts have been made by refiners to increase the contract price to \$8.00 per 100 pounds and to establish higher quoted prices, but during the last week of June sales were still being made at \$7.85. With the price of refined sugar at \$7.85 per 100 pounds, and the duty paid price of raw sugar at \$5.90, the spread during the last part of June was the narrowest it had been since 1946. Under the final OPA price ceilings, the spread between the duty paid price of raw sugar and the gross wholesale price of refined sugar was \$2.08 per 100 pounds.

The world price of raw sugar strengthened slightly after May 13 when the Commodity Credit Corporation and the British Ministry of Food agreed to buy 400,000 and 350,000 Spanish long tons, respectively, from the Cuban Sugar Stabilization Institute, and at the same time, the Institute announced that it would increase the quantity released for sale in the free world market from 600,000 long tons to

(continued)

850,000 long tons. On May 13 the f.a.s. Cuban world price was 4.00 cents per pound, and on June 27 the price was quoted at 4.10 cents per pound. It is reported that the British Ministry of Food has increased its purchase to 400,000 long tons from the special quota of the Cuban Sugar Stabilization Institute.

With the Cuban harvest season practically completed, the 1949 crop is now estimated at 5,074,000 Spanish long tons, or 5,764,000 short tons. On the basis of such production, the allocation figures are approximately as follows:

Table 1 ALLOCATION OF 1949 CUBAN CROP

<u>Allocation</u>	<u>Spanish Long Tons</u>	<u>Short Tons</u>
For U. S. (58%)	2,943,000	3,343,000
U.S. Quota as of June 28, 1949	2,215,104	2,515,915
Remainder in reserve for U.S.	727,896	827,085
<u>For Local Consumption (4%)</u>	<u>203,000</u>	<u>231,000</u>
<u>For World Export or Reserve (38%)</u>	<u>1,928,000</u>	<u>2,190,000</u>
Sold to CCC	400,000	454,000
Sold to U. K.	400,000	454,000
Released for Sale through Trade Channels	862,000	965,000
Remainder in Reserve for World Export	266,000	317,000
Total Crop Production	5,074,000	5,764,000

Actual production in Puerto Rico through June 25 amounted to 1,198,000 short tons. For the week ended on that date, production was 43,000 tons. Production for the year was forecast at 1,274,000 tons by the Association of Sugar Producers of Puerto Rico at Easter time. On June 10 the Secretary of Agriculture increased the determination of Puerto Rican local consumption requirements to 100,000 tons, and reallocated to Puerto Rico 60,635 tons of the deficit of 200,000 tons determined for domestic beet sugar. This resulted in a Puerto Rican mainland quota of 970,635 short tons, raw value.

The prolonged strike of the longshoremen in Hawaii has already stopped cane grinding at the Hawaiian Commercial and Sugar Plantation, the largest in Hawaii, and it is reported that storage facilities of the remaining plantations are nearly filled. Therefore, the further continuation of the strike will have a progressively more important effect on Hawaiian production during 1949. Trade reports indicate that the California & Hawaiian Sugar Refining Corporation, Ltd. has found it necessary to procure supplies of foreign sugar to insure continued deliveries.

With indications that the 1948-1949 Philippine crop was turning out smaller than anticipated, and that local consumption in the Philippines was running at a higher rate than expected at the beginning of the year, an additional deficit of 300,000 tons of Philippine sugar was reallocated to Cuba and full-duty countries on June 27. This reallocation, plus the one made at the beginning of the year, brings the total 1949 Philippine reallocations to date to 425,000 short tons, raw value.

SUGAR DISTRIBUTION

Sugar distributed in the United States by primary distributors during the first six months of 1949 totaled approximately 3,598,000 short tons, raw value, about 340,000 short tons above distribution at the same time last year. Distribution during each of the first three months of this year was above the tonnage for the same three months last year. Distribution during the first quarter of this year exceeded that for the corresponding period of 1948 by about 382,000 tons. However, distribution during the second quarter of 1949 fell short of that during the second quarter of last year to the extent of about 43,000 tons. Only during May of this year was distribution during the second quarter higher than in the corresponding month of last year.

1949 SUGAR QUOTAS REVISED

The proration of additional sugar quota to Puerto Rico and Cuba in amounts of 60,635 and 139,365 short tons, raw value, respectively, was announced on June 10, 1949. These amounts of additional quota represent a total of 200,000 short tons of sugar, raw value, by which the domestic sugar beet area is expected to be unable to fill its 1949 quota. The mainland cane area, Hawaii and the Virgin Islands are expected to be able to fulfill no more than their original 1949 quotas and, therefore, were excluded from the proration of the beet area deficit.

At the same time an increase was made in the local consumption requirements for Puerto Rico to 100,000 short tons of sugar, raw value.

Another proration of sugar was announced June 27, 1949. Additional quotas of 285,000 and 15,000 short tons, raw value, were established, respectively, for Cuba and foreign countries other than Cuba and the Republic of the Philippines. These amounts of additional quota represent a deficit of 300,000 short tons, raw value, in the marketings of sugar in 1949 from the Republic of the Philippines in addition to the deficit of 125,000 short tons, raw value, declared in the initial quota determination.

After making adjustments for this proration, the quota for Cuba is 2,515,915 short tons, raw value, and for foreign countries other than Cuba and the Republic of the Philippines, 48,450 short tons, raw value. The 15,000 tons of additional quota for "other foreign countries" was prorated to the individual countries on the basis of entries from such countries into the continental United States under 1948 sugar quotas.

CUBAN SUGAR PURCHASES

The U. S. Department of Agriculture, the British Ministry of Food, and the Cuban Sugar Stabilization Institute jointly announced on May 13, 1949, that agreement had been reached for purchases by the Commodity Credit Corporation and the British Ministry of Food of a total quantity of 750,000 Spanish long tons (approximately 850,000 short tons) of raw sugar from the Institute. Under this arrangement the British Ministry of Food will purchase 350,000 long tons and CCC will purchase 400,000 long tons, including 5 cargoes (approximately 50,000 long tons) already delivered to CCC by the Institute. The sugar purchased by CCC will be utilized by the Army for civilian feeding in the occupied areas and by certain countries receiving aid from the Economic Cooperation Administration.

The agreement provides that the first 100,000 long tons for the Ministry and 150,000 long tons for CCC will be purchased at a price of 4 cents per English pound, and that the price of the remaining 500,000 long tons shall be determined, within the upper limit of 4 cents per pound, by the average monthly spot price for Cuban free world sugar, as reported by the New York Coffee and Sugar Exchange, for the months of July to November 1949, inclusive.

In consideration of the fact that the quota of 600,000 long tons (approximately 680,000 short tons) originally established by the Cuban Government for the world market has been sold, the Cuban Sugar Stabilization Institute increased such export quota by 250,000 long tons (approximately 280,000 short tons), the amount which is considered necessary to meet current requirements of the world market.

During the fiscal year ended June 30, 1949, a total of approximately 762,000 short tons, raw value, of CCC sugar were shipped by the U. S. Army to Japan, Korea, and Germany under the civilian feeding program for occupied areas and by the ECA to Austria, the French Zone of Germany, and Bi-Zone Germany. These shipments represented the balances of 1948-crop Cuban raw sugar (including approximately 54,000 short tons of 1949-crop sugar substituted for 1948-crop sugar made available for the United States market in early 1949) and Javan direct-consumption sugar and a part of the 1949-crop Cuban sugar purchased by Commodity Credit Corporation.

The approximate tonnages of sugar shipped to the various countries during the fiscal year were as follows:

Table 2.

SHIPMENTS OF CCC SUGAR JULY 1, 1948 - JUNE 30, 1949
(Approximate short tons, raw value)

Program and destination	Source			Total
	Cuba 1948-crop	Cuba 1949-crop	Java direct consumption	
U. S. Army - Germany	348,421	41,860	---	390,281
U. S. Army - Japan	194,605	---	16,790	211,395
U. S. Army - Korea	31,892	---	---	31,892
Subtotal	574,918	41,860	16,790	633,568
ECA - Austria	75,469	20,750	---	96,219
ECA - French-Zone Germany	10,384	10,900	---	21,284
ECA - Bi-Zone Germany	---	10,900	---	10,900
Subtotal	85,853	42,550	---	128,403
Total	660,771	84,410	16,790	761,971

SUGAR PRICE COMPARISONSConsumers' Price Index

Section 201 of the Sugar Act of 1948 provides that in making a determination of domestic consumer requirements the Secretary of Agriculture shall take into consideration, among other things, the relationship between prices at wholesale for refined sugar that would result from such determination and the general cost of living in the United States, as compared with the relationship between such prices and the cost of living during 1947 prior to the termination of price control. The Consumers' Price Index, published by the Bureau of Labor Statistics of the Department of Labor, must be used to reflect the cost of living in the United States.

During the period January to October 1947, inclusive, the average ceiling price of sugar was 8.267 cents per pound, and the average Consumers' Price Index was 157.8. The Consumers' Price Index reached a peak of 174.5 in August and September of 1948. At that time it would have taken a sugar price of 9.14 cents per pound to have equalled the 1947 average ceiling price, adjusted for the increase in the Consumers' Price Index. Actually, the quoted price for refined cane sugar at wholesale during August and September 1948 was 7.75 cents per pound. In May 1949 the Consumers' Price Index was 169.2, which would give an adjusted price of 8.86 cents per pound. The average quoted price of refined sugar during May was 8.02 cents per pound and the bulk of deliveries were being made against basis contract prices of 7.85 cents per pound.

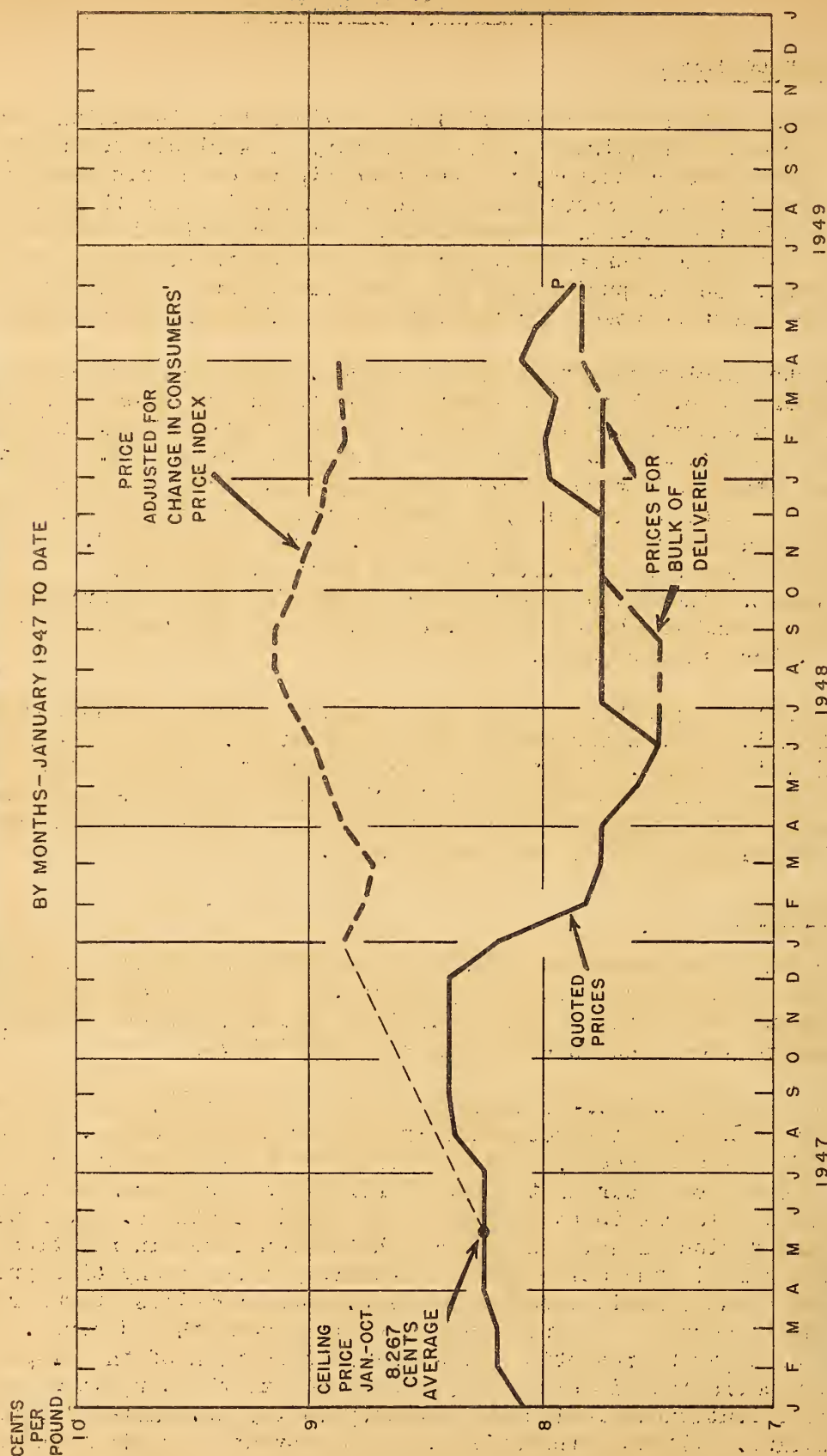
Although the gap between actual sugar prices and such adjusted prices has narrowed from 1.48 cents per pound in June 1948 to 0.84 cents per pound in May 1949, it is still rather wide. In other words the strength in sugar prices since June 1948 and the declines in the Consumers' Price Index since last September have only partially offset the disparity that occurred in the Spring of 1948 when sugar prices fell while other prices and costs rose.

Disposable Income

The income of consumers has long been recognized to have an effect on the demand for sugar and sugar-containing products. Per capita disposable income in 1948 was approximately four times as high as it was in 1910, whereas the price of sugar was approximately one and one-half times its 1910 level.

During the period 1942-47 inclusive prices and supplies of sugar were controlled by the government through ceiling prices and rationing. In comparison with per capita disposable income, the price of sugar in 1945 under price control was the lowest it has been during the period for which such income data are available, and probably the lowest in the history of the United States. Even with the rise in prices of sugar since 1945, sugar prices have been lower in relation to per capita disposable income in the United States than they were at any time prior to the war. During the war and immediate postwar period, world supplies of sugar were not adequate to enable consumers to receive all of the sugar they desired. With the cost of a pound of sugar representing a much smaller portion of the disposable income of domestic consumers than it did at any time prior to the war, it was assumed that domestic distribution would increase greatly last year. Actually, such increase did not materialize. Although the utilization of inventories might account in part for the lower per capita distribution in 1948, it is quite evident that the utilization of inventories does not explain the failure of distribution to increase to the extent that disposable income would indicate it should.

WHOLESALE REFINED SUGAR PRICES
QUOTED GROSS PRICES AND 1947 AVERAGE CEILING PRICE
ADJUSTED FOR CHANGES IN CONSUMERS' PRICE INDEX



P-PRELIMINARY

U.S. DEPARTMENT OF AGRICULTURE

PRODUCTION AND MARKETING ADMINISTRATION

In the first half of 1948 the price of sugar fell while the cost of living rose. Since then the gap has narrowed, but sugar producers are still in a less satisfactory price position than they were at the end of price control.

Table 3 WHOLESALE SUGAR PRICES - QUOTED GROSS PRICES AND
1947 AVERAGE CEILING PRICE ADJUSTED FOR CHANGES
IN CONSUMERS' PRICE INDEX
Monthly, January 1947 to date

Month	Quoted Prices 1/ (cents, per pound)	1947 Average Ceiling Price Adjusted for Changes in Consumers' Price Index 2/
		(cents, per pound)
<u>1947</u>	8.29	
Jan.	8.09	
Feb.	8.20	
Mar.	8.20	
April	8.25	
May	8.25	
June	8.25	
July	8.25	
August	8.38	
Sept.	8.40	
October	8.40	
Nov.	8.40	
Dec.	8.40	
<u>1948</u>	7.76	8.97
Jan.	8.21	8.84
Feb.	7.82	8.77
Mar.	7.75	8.87
April	7.75	8.87
May	7.60	8.93
June	7.51	8.99
July	7.75	9.10
August	7.75	9.14
Sept.	7.75	9.14
October	7.75	9.09
Nov.	7.75	9.02
Dec.	7.75	8.98
<u>1949</u>		
Jan.	7.99	8.95
Feb.	8.00	8.85
Mar.	7.96	8.88
Apr.	8.10	8.89
May	8.02	8.86
June	7.88 preliminary	

1/ Ceiling prices in effect Jan-Oct. 1947; average price 8.267¢.. Prices November 1947 to date are quoted prices. Both groups of prices subject to 2 percent discount, 10 days.

2/ Average price Jan-Oct 1947 (8.267¢) divided by Consumers' Price Index for Jan.-Oct. 1947 multiplied by Consumer' Price Index for respective month.

Prices of all Foods

From the Civil War to the 1890's sugar prices declined much more sharply than did prices for all foods. From the 1890's to the beginning of the First World War sugar prices fluctuated within a range of less than $1\frac{1}{2}$ cents per pound, and in 1913 they were practically at the 1894 low point. Prices of all foods, however, rose nearly 50 percent from the low point of the 1890's to 1913. During the First World War sugar prices rose faster than the average of all food prices and with premature decontrol in 1920 sugar prices temporarily shot up to levels well over 20 cents per pound. They declined with corresponding abruptness. In 1932 the wholesale price of refined sugar in the U. S. reached an all time low of 3.99 cents per pound net cash New York. In 1940 the price was still only 4.34 cents per pound. During the Second World War and post-war period the rise in prices of all foods far exceeded the rise in sugar prices.

Long Time Trends of Relative Sugar Prices and Per Capita Distribution

In relation to the prices of other foods, the price of sugar has declined greatly over the past 90 years. To the extent that sugar prices are affected by the inflationary and deflationary trends affecting prices of all foods, this may be eliminated by dividing the annual average price of sugar for each year by the index number of food prices for the respective year (1935 - 39 = 100). In terms of the pre-war (1935-39) level for prices of all foods, the price of sugar has declined from a level of around 13 cents per pound for the decade of the 1860's to a low point of 3.35 cents in 1948. In comparison with prices of other foods in the U. S., the price of sugar in 1948 was the lowest that it has ever been. The downward trend in relative sugar prices was accompanied by an upward trend in per capita sugar distribution from 1860 to the middle 1920's. This carried per capita sugar distribution from 19 pounds per year during the Civil War to 117 pounds in 1926.

From 1926 to 1934 annual per capita distribution fell 17 pounds. Changes in consumer incomes and in prices of sugar could have accounted for a part of this decrease, but it is apparent that per capita distribution did not respond appreciably to higher incomes and continued low sugar prices from 1934 to 1940.

From 1941 to 1947 sugar distribution reflected primarily the war time demand and shortage of supplies. Distribution increased sharply with the termination of controls in 1947, and for the year amounted to 103 pounds per capita. In 1948 distribution fell to the 100 pound level of 1934. Low consumption in recent years, when compared with consumption in pre-war normal years, suggests that apparently there has been a change in the demand for sugar. As yet not enough data are available to measure quantitatively this change in demand or to appraise the factors responsible for this change. Whether there has been a decline in the normal demands for sugar since 1930, or whether there were abnormal demands in the 1920's, or whether other factors explain the situation is not evident from a comparison of sugar distribution, price and income data alone.

WHOLESALE SUGAR PRICES AND PER CAPITA DISPOSABLE INCOME
ANNUALLY 1910-48

SUGAR PRICE
CENTS PER POUND

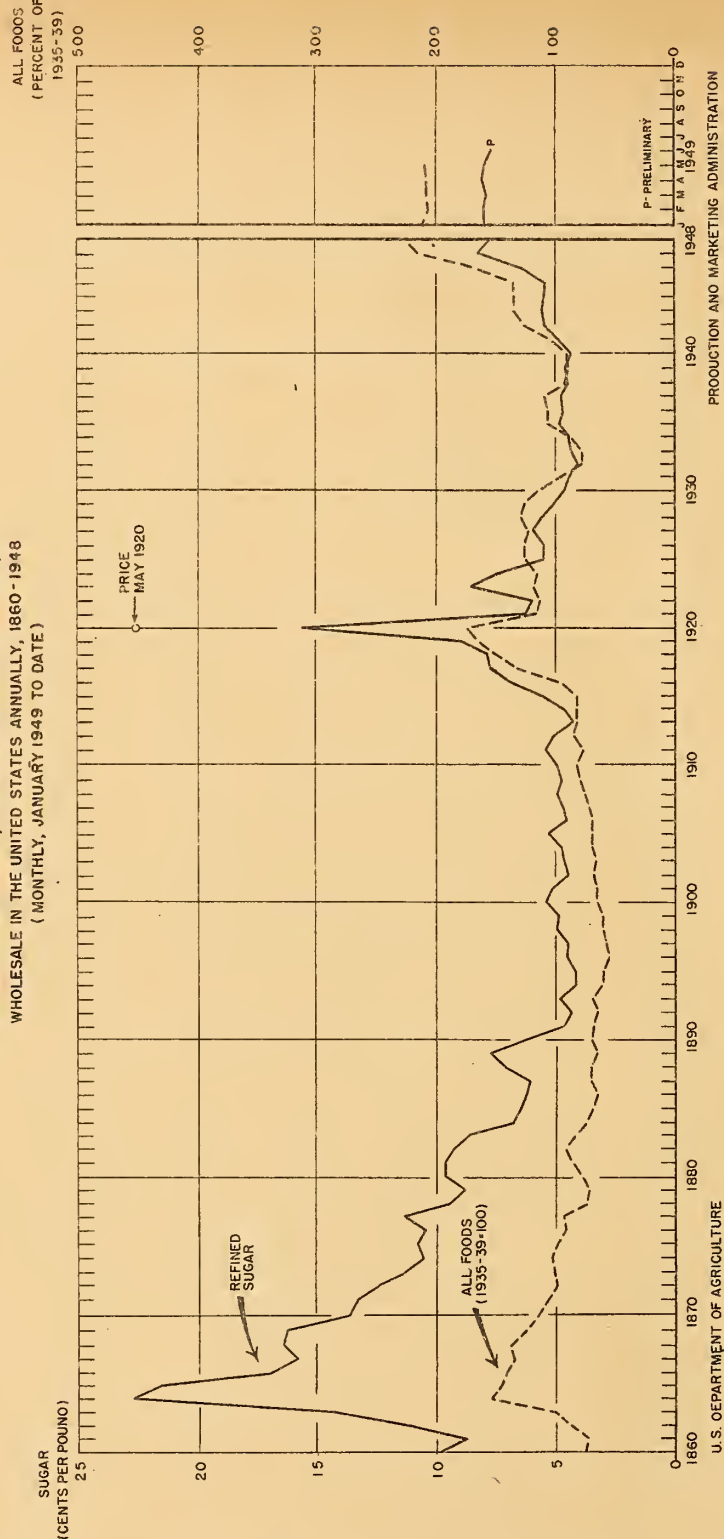
INCOME INDEX
1935-39 = 100



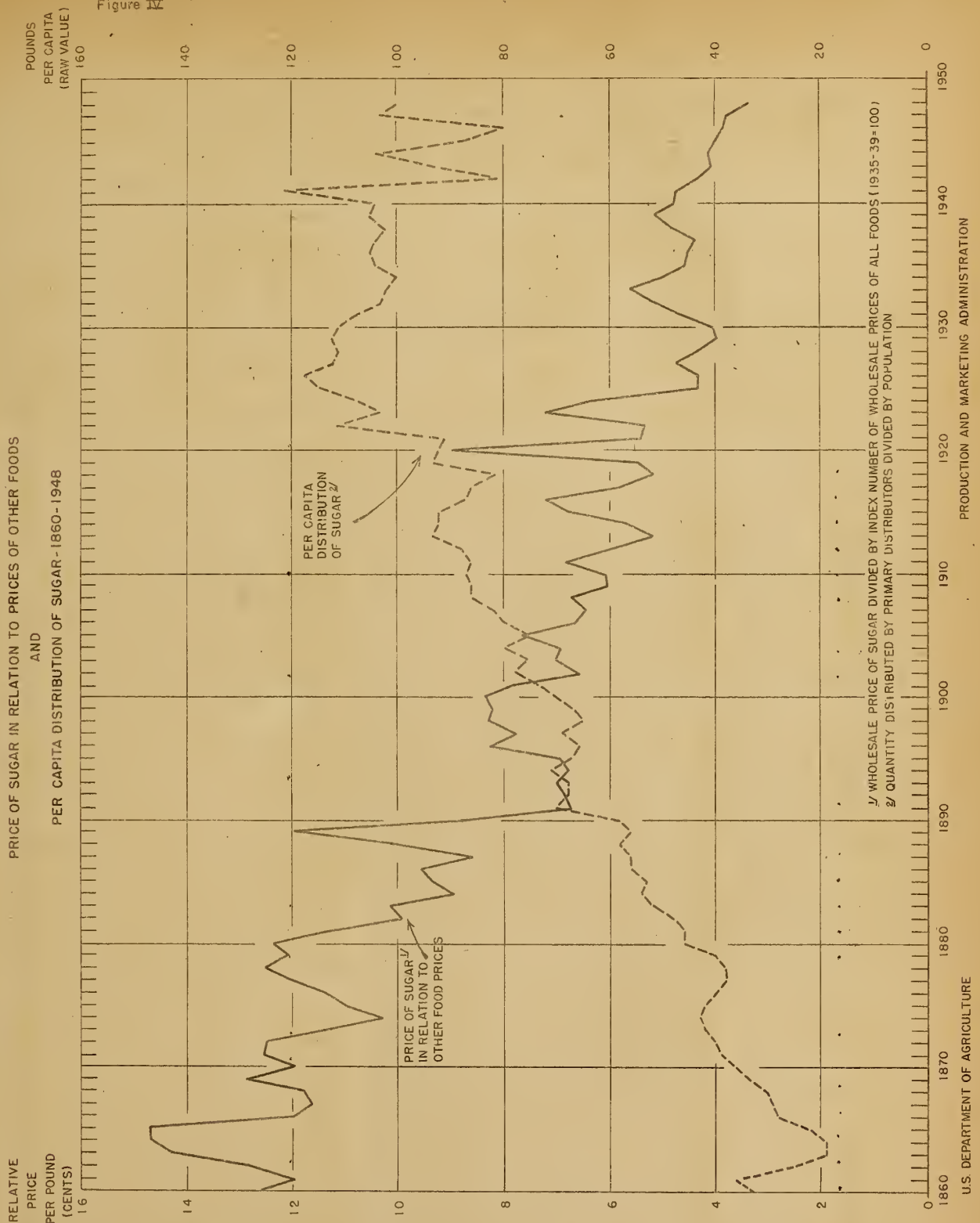
U. S. DEPARTMENT OF AGRICULTURE

PRODUCTION AND MARKETING ADMINISTRATION

Consumer income affects the demand for sugar and sugar containing products. Since 1940 consumer incomes in the United States have increased far more than the price of sugar. Since 1942 the cost of a pound of sugar has represented a lower percentage of American consumers' disposable income than ever before.

REFINED SUGAR PRICES, AND INDEX OF ALL FOOD PRICES, AT
WHOLESALE IN THE UNITED STATES ANNUALLY, 1860-1948
(MONTHLY, JANUARY 1949 TO DATE)

For many years sugar prices have tended to fall more in periods of price decline and to rise less in periods of price rise than prices of other foods. The sharp rises in sugar prices in the Civil War and World War I were exceptions to this rule. In 1940 sugar prices were nearly as low as in 1932, 1913, or 1894. Prices of all foods in 1940 were nearly 50 percent higher than in 1894. Since 1940 sugar prices have risen less than prices of all foods.



In terms of a constant price level for all foods (1935-39 = 100) sugar prices have declined greatly in the past 90 years. In relation to the prices of other foods, sugar prices reached an all time low in 1948. Prior to 1926 declines in sugar prices tended to bring increases in distribution. During the early 1930's consumer incomes were low, and during the world war supplies of sugar were short. In 1948 with ample supplies, record consumer purchasing power, and relatively low sugar prices, per capita sugar distribution was no higher than in 1934.

Table 4 WHOLESALE SUGAR PRICES, INDEX NUMBERS OF WHOLESALE PRICES OF ALL FOODS,
WHOLESALE SUGAR PRICES IN RELATION TO PRICES OF ALL FOODS, AND PER
CAPITA SUGAR DISTRIBUTION, ANNUALLY 1860-- 1948
AND
INDEX NUMBERS OF PER CAPITA DISPOSABLE INCOME AND WHOLESALE SUGAR
PRICES IN RELATION TO PER CAPITA DISPOSABLE INCOME ANNUALLY
1910 - 1948; MONTHLY, JANUARY 1949 TO DATE

Year (1)	Sugar Price, Net Cash, N.Y. (Cents, per lb.) (2)	Index Numbers (1935 - 39 = 100)		Sugar Prices in Relation to		Sugar Distri- bution Per Capita (pounds, raw value) (7)
		Prices of all Foods. (Whole- sale) (3)	Per Capita Dispos- able Income (4)	Prices of all Foods (Cents per lb.) (5)	Per Capita Dispos- able Income (6)	
1860	9.78	78		12.54		33
1	8.75	73		11.98		36
2	11.16	87		12.83		25
3	14.28	100		14.28		19
4	22.54	154		14.65		19
5	21.56	147		14.67		22
6	16.88	141		11.97		28
7	15.78	136		11.60		29
8	16.32	139		11.74		30
9	16.19	126		12.85		33
1870	13.53	113		11.97		36
1	13.28	106		12.53		39
2	12.37	99		12.49		40
3	11.34	100		11.34		42
4	10.56	103		10.25		43
5	10.72	98		10.94		42
6	10.47	92		11.38		40
7	11.31	94		12.03		38
8	9.48	776		12.47		38
9	8.78	73		12.03		40
1880	9.60	78		12.31		46
1	9.67	86		11.24		46
2	9.23	93		9.92		48
3	8.51	84		10.13		52
4	6.78	76		8.92		54
5	6.44	69		9.33		53
6	6.12	64		9.56		56
7	6.01	70		8.59		56
8	7.01	70		10.01		58
9	7.64	64		11.94		56
1890	6.17	70		8.81		58
1	4.64	69		6.72		70
2	4.35	64		6.80		68
3	4.84	69		7.01		68
4	4.12	61		6.75		71
5	4.15	60		6.92		67

(continued)

Table 4 (Continued)

Year (1)	Sugar Price, Net Cash, N.Y. (cents, per lb.) (2)	Index Numbers (1935 - 39 = 100)		Sugar Prices in Relation to		Sugar Distri- bution Per Capita (pounds, raw value) (7)
		Prices of all Foods (Whole- sale) (3)	Per Capita Dispos- able Income (4)	Prices of all Foods (cents per lb.) (5)	Per Capita Dispos- able Income (6)	
1896	4.53	55		8.24		66
7	4.50	58		7.76		69
8	4.96	60		8.27		65
9	4.92	60		8.20		67
1900	5.32	64		8.31		70
1	5.05	64		7.89		73
2	4.46	68		6.56		78
3	4.64	66		7.03		75
4	4.77	69		6.91		80
5	5.26	69		7.62		75
6	4.52	68		6.65		80
7	4.65	72		6.46		82
8	4.96	74		6.70		86
9	4.76	79		6.03		86
1910	4.97	82	63	6.06	7.89	87
1	5.34	78	63 *	6.85	8.18	86
2	5.04	85	67	5.93	7.52	88
3	4.28	82	69	5.22	6.20	93
4	4.68	82	68	5.71	6.88	92
5	5.56	82	71	6.73	7.83	92
6	6.86	95	82	7.22	8.37	87
7	7.66	132	98	5.80	7.82	86
8	7.83	151	108	5.19	7.25	81
9	9.00	164	122	5.49	7.38	93
1920	15.55	174	126 *	8.94	12.24	92
1	6.19	114	99	5.43	6.25	91
2	5.93	111	104 *	5.34	5.70	111
3	8.41	117	119	7.19	7.07	103
4	7.31	115	118	6.36	6.19	107
5	5.45	126	123	4.33	4.43	114
6	5.46	126	126	4.33	4.33	117
7	5.79	122	124 *	4.75	4.67	112
8	5.52	128	126	4.32	4.38	111
9	5.03	126	132	3.99	3.81	112
1930	4.62	114	117	4.05	3.95	111
1	4.43	95	99	4.66	4.47	108
2	3.99	77	75	5.18	5.32	103
3	4.32	77	70	5.61	6.17	102
4	4.44	89	80	4.99	5.55	100
5	4.86	106	89	4.58	5.46	104
6	4.69	104	101	4.51	4.64	105
7	4.73	108	108	4.38	4.38	104
8	4.48	93	98	4.82	4.57	102
9	4.57	89	104	5.13	4.39	105

(continued)

Table 4 (Continued)

Year (1)	Sugar Price, Net Cash, N.Y. (cents, per lb.) (2)	Index Numbers (1935 - 39 = 100)		Sugar Prices in Relation to		Sugar Distri- bution Per Capita (pounds, raw value) (7)
		Prices of all Foods (Whole- sale) (3)	Per Capita Dispos- able Income (4)	Prices of all Foods (cents per lb.) (5)	Per Capita Dispos- able Income (6)	
1940	4.34	91	112	4.77	3.88	104
1	4.92	104	134 *	4.73	3.67	121 1/
2	5.44	126	168	4.32	3.24	81 1/
3	5.49	135	188	4.07	2.92	93
4	5.46	133	206 *	4.11	2.65	104
5	5.39	135	209	3.99	2.58	87
6	6.34	166	220	3.82	2.88	80
7	8.12	214	235	3.79	3.46	103
8	7.61	227	256 *	3.35	2.97	100

Month

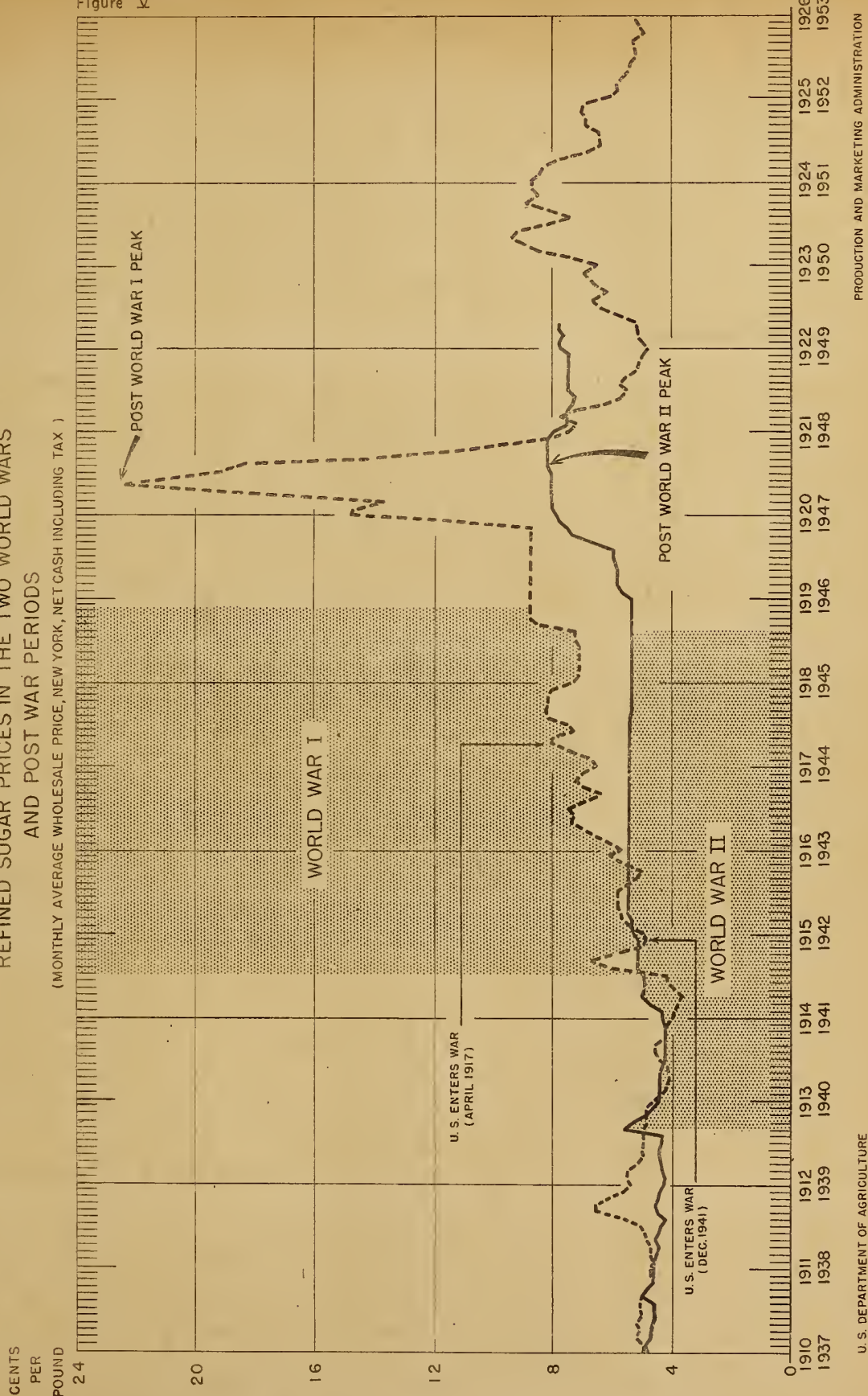
1949

Jan.	7.83	210		3.73	
Feb.	7.84	204		3.84	
Mar.	7.80	206		3.79	
Apr.	7.94	206		3.85	
May	7.86	207		3.80	
June	7.72 p				

* Revised July 7, 1949.

1/ Unusually large distribution during 1941 resulted in building up of the "invisible" supply carried over in 1942 and a considerable amount of sugar distributed during 1941 was actually consumed during 1942.

Sources: Column 2: 1860 - 99, "Palmer's Sugar Manual, 'Concerning Sugar'";
1900 - 1948 Lamborn Sugar Market Report
Column 3: 1860 - 1909, "Wholesale Prices for 213 Years", Warren and
Pearson;
1910 - 1949, Bureau of Agricultural Economics, Index numbers
1910 - 14 converted to 1935 - 39 = 100.
Column 4: 1910 - 1928, Estimates by BAE;
1929 - 1948, Computed by BAE from data of U. S. Department of
Commerce.
Column 5: Column (2) divided by Column (3)
Column 6: Column (2) divided by Column (4)
Column 7: 1860 - 99, Willett & Gray;
1900 - 33, Lamborn Sugar Market Report;
1934 - 48, Sugar Branch, P.M.A., U.S.D.A.

REFINED SUGAR PRICES IN THE TWO WORLD WARS
AND POST WAR PERIODS

Sugar prices were stabilized at lower levels during World War II than during World War I, and there has been no repetition of the 1920 inflation and subsequent depression in sugar prices. From 1942 through 1946 a part of the cost of sugar used in the United States was borne by the Government.

SUGAR PRICE COMPARISONS (Continued)World War Periods:

The effect of many of the war and postwar sugar programs can be summarized most effectively in terms of prices. In addition to the Sugar Act, the wartime programs included price control, rationing and subsidies in this country, and also international allocations and governmental purchase programs covering most of the allied countries. Prices in the so-called free world market (countries which did not participate in the international control program) reached high levels. In fact prices of 50 cents or more per pound were sometimes reported. Within the control areas, however, prices and payments were established at levels commensurate with war needs.

The reduction in world sugar production during the Second World War was far greater than during the first one. The latter war not only disrupted production in Europe to a far greater extent than the first one, but it practically stopped production in the Philippines, Java, and Formosa. The Philippines actually imported sugar in 1947. Cuba was the only major world sugar producing area that was able to expand its production greatly during wartime. By 1945 world production was down nearly $8\frac{1}{2}$ million tons, or close to 25 percent below the prewar average. The most acute phase of the shortage was felt at the close of the war when the populations in the liberated areas needed supplies before production had started to recover.

Sugar prices were held at much lower levels throughout the second war period than they had been during the First World War. Moreover, the controls were continued on sugar much longer after the close of the Second World War than they were after the close of the first. During the war years, the Government absorbed a considerable part of the cost of sugar through subsidies and sales at prices below purchase costs as a means of keeping down prices to consumers while obtaining maximum supplies. During 1946 and 1947, ceiling prices were increased considerably as procurement costs rose and subsidies were terminated. Nevertheless the ceiling prices at their peak were somewhat below the control prices at the close of the First World War.

The major difference between prices in the two periods came after the termination of the controls. In 1920 sugar prices rose to a pinnacle of approximately $22\frac{1}{2}$ cents per pound, then fell with equal abruptness to less than 8 cents per pound in the fall months. Prices reached bottom (4.8 cents per pound) in January 1922. In May 1923 prices had recovered to 9.45 cents per pound. After the termination of price controls at the end of October 1947, prices remained stable for the remainder of the year at the ceiling levels of 8.4 cents per pound gross, or 8.23 cents net for refined cane sugar, and then started to decline. At the low point in 1948 refined sugar prices were almost 1 cent per pound below the levels that had existed at the time ceilings were terminated.

No doubt the very severity of the world sugar shortage during the Second World War period did much to bring about the international coordination, as well as the acceptance of the domestic programs that made effective price controls and rationing possible. The recollection by consumers of the high prices of 1920 and the recollection by producers of the disaster that hit them in 1921 brought support from a majority of both of these groups for a continuation of the wartime programs until the dangers of runaway prices had passed.

In view of the tremendous fluctuations that occurred in prices following World War I, it is interesting that per capita distribution of sugar was 93 pounds in 1919; 92 in 1920; and 91 in 1921. In 1922 when prices started their recovery it rose to 111 pounds, presumably reflecting a tendency to increase inventories on a rising market.

SUGAR DELIVERIES BY STATES - JANUARY - MARCH 1949

Primary distributors delivered 30 percent more sugar in the first quarter of 1949 than in the same quarter a year earlier. Refiners' deliveries comprised 72.36 percent of the total, a slightly smaller percentage of January-March 1949 deliveries than the 76.83 percent delivered in the first three months of 1948. Beet processors, importers, and mainland cane mills each increased their proportionate share of the total first-quarter 1949 deliveries. Sugar delivered by beet processors represented 18.72 percent of the total this past January-March compared to 15.42 percent in the same quarter a year earlier. Importers and mainland cane mills delivered 6.30 and 2.62 percent this year compared to 5.35 and 2.40 percent, respectively, in the first quarter of 1948.

Comparison of January-March 1949 with January-March 1948 percentage of deliveries within each state shows that refiners' deliveries increased in 21 states, were lower in 24 states and the District of Columbia, and remained the same in 3 states. Beet sugar processors delivered greater percentages of individual state totals in January-March 1949 than in the same quarter a year earlier in 17 states. Lower percentages were recorded in 10 states. No deliveries were made in 21 eastern and southeastern states and the District of Columbia.

Importers of direct-consumption sugar concentrated their deliveries in a smaller number of states in January-March, 1949 than in the same three months of 1948. Deliveries were made in 23 states this year compared to 30 in January-March 1948. The District of Columbia received deliveries in both periods.

Mainland cane mills in January-March 1949 distributed sugar in 19 states. These states were the same ones in both periods with two exceptions. Deliveries were made in Minnesota in January-March 1948 and not in the first quarter this year. Michigan received mainland cane sugar during the first three months of 1949, whereas no deliveries were made there in the same quarter of last year.

Table 5. - PRIMARY DISTRIBUTION OF SUGAR BY STATES AND PERCENTAGE DELIVERED BY EACH GROUP OF PRIMARY DISTRIBUTORS: FIRST QUARTER 1949

Percent Distributed by					Main-				
State	Distribution 100 lb. (bags, Ref.)	Beet Pro- cessors	Im- porters	Main- land Cane Mills	State	Distribution 100 lb. (bags, Ref.)	Beet Pro- cessors	Im- porters	Main- land Cane Mills
Ala.	483,070	92.58	1.25	6.17	New York	3,799,304	91.73	8.27	-
Ariz.	94,707	66.71	-	-	North Car.	684,554	76.64	23.36	-
Ark.	295,442	87.22	-	6.00	N.D.	73,888	16.83	-	-
Calif.	2,454,330	50.61	.41	-	Ohio	1,438,566	82.01	6.62	2.92
Colo.	193,896	13.26	-	.30	Okl.	316,843	74.49	-	.24
Conn.	290,056	99.46	.54	-	Ore.	370,444	42.47	6.05	-
Del.	29,426	100.00	-	-	Penna.	2,595,025	82.95	17.05	-
D.C.	161,190	96.93	3.07	-	Rhode Is.	137,949	100.00	-	-
Fla.	562,435	47.41	39.47	13.12	South Car.	298,596	95.81	4.19	-
Ga.	855,386	84.65	15.35	1/	South Dak.	80,839	8.33	-	-
Idaho	65,383	16.31	-	-	Tenn.	635,685	92.05	3.28	4.67
Ill.	3,285,288	46.61	.12	12.11	Texas	1,322,034	84.99	-	1.66
Ind.	756,242	77.76	.31	6.82	Utah	136,449	11.91	-	-
Iowa	373,241	42.78	-	.54	Vermont	86,633	69.01	30.99	-
Kans.	203,329	32.35	-	.42	Virginia	563,427	78.70	21.30	-
Ky.	460,269	88.99	4.48	6.36	Washington	413,716	42.78	-	-
La.	700,712	92.20	.61	7.19	West Va.	241,742	93.68	6.32	-
Maine	138,025	100.00	-	-	Wisconsin	659,027	55.24	-	3.91
Md.	692,162	74.68	25.32	-	Wyoming	23,490	21.67	-	-
Mass.	1,134,986	99.13	.87	-	Total				
Mich.	1,034,897	43.38	9.89	2.48	U. S.	31,295,502	72.36	6.30	2.62
Minn.	334,114	29.66	-	-	1948 - First Quarter				
Miss.	303,198	97.78	-	2.22	U. S.	24,085,907	76.83	5.35	2.40
Missouri	901,447	63.26	-	1.47					
Montana	71,734	21.39	-	-					
Nebraska	153,813	24.64	-	.87					
Nevada	13,911	64.59	-	-					
New Hamp.	64,242	100.00	-	-					
New Jersey	1,256,623	96.22	3.78	-					
New Mexico	53,737	44.62	-	-					

1/ Less than one one-hundredth of one percent.

"INVISIBLE" STOCKS OF SUGAR

Stocks of sugar held by 806 retailers, wholesalers, and industrial users at the end of March 1949 were much higher than at the same time a year ago but slightly lower than at the end of 1948. The usage and deliveries of sugar by these same 806 firms during the first quarter of 1949 were higher than during the same quarter of 1948 but lower than in October-December 1948. Stocks held by the 806 firms dropped substantially from 177,000 short tons held on June 30, 1947, to a low of about 112,000 short tons, raw value, on March 31, 1948. Stock levels rose in the two succeeding quarters and have averaged about 155,000 short tons since then.

Stocks of the 396 industrial users who reported for each of the quarters beginning with that ended on June 30, 1947, show continuous declines through March 31, 1948, and a steady rise since then. Although the increase in these industrial users' stocks has been steady for 4 calendar quarters, the March 31, 1949, level remained about 22 percent below the June 30, 1947, level.

Wholesalers reporting for all periods recorded the same low point for stocks as did industrial users (March 31, 1948). Their stocks had risen to about 41,000 short tons, raw value, at the end of 1947, dropped off to 22,500 tons by the end of March 1948, then increased for two quarters, reaching a high for the 8 calendar-quarter period of about 48,676 tons. During the two succeeding quarters, wholesalers' stocks declined about 14 percent from the September 1948 level.

While only 88 retailers reported for the 8 calendar quarters, their volume of sugar business compares favorably with that of the 322 wholesalers. These retailers whose actual outlets number far more than 88 stores established a stock pattern for the group which differs somewhat from that of industrial users and wholesalers. These 88 retailers' stocks at the end of March 1949 were lower than at any time in the 8 calendar quarters for which these retailers reported. Their
(continued)

stocks varied between 22,000 and 28,000 short tons from June 30, 1947, until a year later. The high point for these retailers, about 32,000 tons, was reached on September 30, 1948. Since then, like wholesalers and unlike industrial users, their stocks have declined for two successive quarters.

Usage of sugar by the industrial users and deliveries by wholesalers and retailers who reported for each of the 8 calendar quarters reveals the same trends for each group. Usage and deliveries declined in successive quarters through the first quarter of 1948, rose for two more quarters, each group reaching a high for the 8 calendar-quarter period in July-September 1948. During the following six months, declines in usage and deliveries occurred. These usage and delivery patterns resemble the so-called "normal" pattern of sugar distribution established by primary distributors during the years 1935, 1936, 1938, and 1940. The average quarterly percentage of distribution in these four years was 21.3 percent in January-March, 26.1 percent in April-June, 27.8 percent in July-September, and 24.8 percent in October-December.

Receipts of sugar by 806 retailers, wholesalers and industrial users during January-March, 1949, were approximately 117,000 tons, or 22 percent greater than the receipts of these firms during the first quarter of 1948. Receipts by these firms represent 41 percent and 38 percent of total distribution by primary distributors during January-March 1948 and 1949, respectively.

The following table shows the stocks, receipts and deliveries or usage of sugar for the first quarter of 1948 and 1949, as reported by the 806 firms:

Table 6 "INVISIBLE" SUGAR STOCKS, RECEIPTS AND DELIVERIES OR USAGE
JAN.-MARCH 1948 AND 1949 FOR 806 FIRMS WHICH REPORTED FOR BOTH
PERIODS

	Beginning Stocks	Receipts	Deliveries or Usage	Ending Stocks
	(short tons, raw value)			
<u>Jan.-March, 1948</u>				
Retailers (88)	27,157	124,549	130,195	21,511
Wholesalers (322)	40,733	128,034	146,266	22,501
Industrial Users (396)	90,485	274,544	296,990	68,039
Total (806)	158,375	527,127	573,451	112,051
<u>Jan.-March, 1949</u>				
Retailers	24,178	156,638	160,437	20,379
Wholesalers	44,840	193,773	196,841	41,772
Industrial Users	86,500	293,755	288,570	91,685
Total	155,518	644,166	645,848	153,836

SUGAR QUOTAS - STATUS AT THE END OF JUNE 1949

During June 1949, the quotas for various areas were adjusted twice by prorations of deficits. Effective June 16, 1949, a domestic beet sugar area deficit of 200,000 tons was prorated to Puerto Rico and Cuba, increasing the quotas for these areas by 60,635 and 139,365 short tons, raw value, respectively. Effective June 30, 1949, a deficit in marketings under the quota for the Republic of the Philippines amounting to 300,000 tons was prorated to Cuba and to "Other Foreign Countries" providing 285,000 tons additional quota for the former and 15,000 tons for the latter. A deficit of 125,000 tons in the Philippine quota had been prorated in the original quota order effective January 8, 1949.

The quotas for the various areas, after making these adjustments together with the charges through June 30 against such adjusted quotas, are shown in Table 7.

By June 30, charges against 1949 sugar quotas totalled approximately 3,845,787 short tons, raw value, 567,962 tons more than were charged to 1948 quotas by the same date last year. All major supplying areas participated in the increased rate of marketings. On the other hand, foreign countries other than Cuba and the Republic of the Philippines had little more than one-half as much sugar charged to quotas as in the same period of 1948. This probably was due in part to the smaller additions this year than last to the quota for such countries through proration of deficits of other areas.

STATUS OF 1949 SUGAR QUOTAS AS OF JUNE 30, 1949

Table 7

Area	1949 Adjusted Quotas 1/	Charges Against Quotas	Quota Balance	
			Total	: Maximum for Direct Consumption
	(1)	(2)	(3)	(4)
	(SHORT TONS, RAW VALUE)			
Domestic Beet	1,600,000	606,387 2/	993,613	993,613
Mainland Cane	500,000	172,479 2/	327,521	327,521
Hawaii	1,052,000	371,956	680,044	25,919
Puerto Rico	970,635	563,690	406,945	27,177
Virgin Islands	6,000	2,015	3,985	0
Cuba	2,515,915	1,752,146	763,769	150,737
Philippines	557,000	353,929	203,071	59,743
Other Foreign Countries	48,450	23,185 3/	25,265	17,535
China & Hongkong		10.6	184.7	146.4
Dominican Republic	8,133.8	4,539.0	3,594.8	3,594.8
Mexico	6,106.3	2,433.6	3,672.7	1,624.2
Nicaragua	7,351.5	391.3	6,960.2	5,168.5
Peru	14,315.6	14,315.6	0	0
Salvador	6,960.6	1,069.5	5,891.1	3,403.6
United Kingdom	234.7	187.5	47.2	3.6
Other Countries	4,652.2 4/	0	4,652.2	3,581.9 5/
Unallotted	500.0	237.9	262.1	12.0
Total	7,250,000	3,845,787	3,404,213	1,602,245
Liquid Sugar	(Wine gallons of 72% total sugar content)			
Cuba	7,970,558	3,214,227	4,756,331	
Dominican Republic	830,894	0	830,894	

1/ The amounts shown for the Domestic Beet Area and the Republic of the Philippines are the statutory quotas less deficits prorated to other areas. Marketings of these two areas are permitted up to the statutory quotas of 1,800,000 and 982,000 short tons, raw value, respectively.

2/ Data for June estimated from Weekly Distribution Reports.

3/ The first ten short tons of sugar, raw value, from any of these countries is not charged against the quota.

4/ This total includes the following: Belgium, 197.0; Canada, 377.6; Czechoslovakia, 176.2; Dutch East Indies, 141.5; Guatemala, 224.1; Haiti, 869.8; Honduras, 2297.4; Netherlands, 145.8; Venezuela, 194.1; Other Countries, 28.7.

5/ This total includes the following: Belgium, 160.4; Canada, 307.5; Czechoslovakia, 143.5; Dutch East Indies, 115.2; Guatemala, 182.5; Haiti, 502.2; Honduras, 1,870.5; Netherlands, 118.7; Venezuela, 158.0; Other Countries, 23.4.

ENTRIES AND MARKETINGS IN CONTINENTAL UNITED STATES

Final charges against quotas for 1948, when compared to those for 1947, show that the continental sugarcane and sugar beet areas, the insular areas of Hawaii, Puerto Rico, and the Virgin Islands, the Philippines, and foreign countries other than Cuba increased their percentage contributions to total United States supplies during 1948; Cuba's percentage contribution dropped about 10 percentage points.

Total entries and marketings in 1948 were 7,083,389 short tons, raw value, compared to 7,757,754 tons in 1947. Continental areas marketed slightly more than 2 million short tons representing about 30 percent of the total. Hawaiian sugar accounted for 10 percent, Puerto Rican sugar 14 percent and sugar from the Virgin Islands about one-half of one percent, or 4,287 tons. Cuba, which supplied 50.8 percent of total United States supplies in 1947, entered slightly less than 3,000,000 short tons in 1948 which comprised 41.3 percent of total entries and marketings. Cuban sugar represented 59 percent and 68 percent of total entries from all offshore areas in 1948 and 1947, respectively.

The Republic of the Philippines, which, because of war damage, had not entered any sugar in the 1943-47 period and only a negligible quantity in 1942, entered slightly more than 250,000 short tons during 1948. Through the end of May 1949, this figure had already been exceeded by about 15,000 tons indicating a progressive recovery in the Philippine area. However, recovery has not been great enough to enable the Philippines to fill its entire quota.

Direct-Consumption Sugar

Direct-consumption sugar, received from the major areas for which the Sugar Act of 1948 establishes limits on such shipments totalled above 500,000 short tons raw value, during 1948. The bulk of this sugar, 74.7 percent, was supplied by Cuba, while Puerto Rico supplied 24 percent. Small quantities of direct-consumption sugar were charged against the quotas of Hawaii and the Republic of the Philippines.

Foreign Countries other than Cuba and the Republic of the Philippines

Foreign countries, other than Cuba and the Republic of the Philippines, supplied 61,936 short tons of total 1948 entries and marketings, less than one percent of the total United States supplies. Peru supplied 46 percent of the 62,000-ton total, the Dominican Republic 25 percent and Mexico 14 percent. The remaining 15 percent came from El Salvador, Nicaragua, Haiti and China and Hongkong.

Table 8 FINAL CHARGES AGAINST 1948 SUGAR QUOTAS
(Short tons, raw value)

<u>Area</u>	<u>Quantity Charged</u>
Domestic beet	1,656,319
Mainland cane	455,411
Total continental	2,111,730
Hawaii	714,333
Puerto Rico	1,013,175
Virgin Islands	4,287
Cuba	2,926,306
Republic of the Philippines	251,622
Other foreign countries	61,936 1/
Total offshore	4,971,659
Grand total	7,083,389
<u>Direct Consumption Sugar 2/</u>	
Hawaii	4,831
Puerto Rico	122,475
Cuba	375,358
Republic of the Philippines	17
Total	502,681 3/

NOTE: Entries and marketings for 1935-47 appear in
SUGAR REPORTS No. 2.

- 1/ For details see Table 9. 2/ For major areas having direct-consumption limitations established by the Sugar Act of 1948. 3/ Included in totals shown above.

Table 9 CHARGES AGAINST QUOTAS FOR FOREIGN COUNTRIES OTHER THAN CUBA AND THE REPUBLIC OF THE PHILIPPINES 1/
(Pounds, raw value)

<u>Country</u>	<u>Quantity Charged</u>
China and Hongkong	20,565
Dominican Republic	30,619,139 2/
Haiti	2,110,292
Mexico	17,260,553 2/
Nicaragua	4,260,000
Peru	57,365,971 2/
Salvador	12,235,273
Total (pounds)	123,871,793
(tons)	61,936

1/ Excludes the first 20,000 pounds entered from each country.

2/ Includes entries charged to unallotted reserve as follows:(lbs.)

Dominican Republic	88,736
Mexico	557,732
Peru	6,596,677

Table 10. ENTRIES AND MARKETINGS OF SUGAR IN CONTINENTAL UNITED STATES, 1937-48, SHOWING SOURCES BY SUPPLY AREA

Year	Total short tons (raw value) a/	Percent Supplied by Areas Listed						
		Continental areas			Insular areas b/	Philippines	Cuba	Other
		Total	Cane	Beet				
1937	6,860,609	25.3	7.2	18.1	27.5	14.5	31.4	1.3
1938	6,618,861	28.7	6.8	21.9	26.1	14.8	29.3	1.1
1939	7,465,469	32.1	7.9	24.2	28.1	13.1	25.9	0.8
1940	6,443,211	30.4	6.3	24.1	27.0	15.2	27.1	0.3
1941	8,008,117	29.5	5.1	24.4	23.7	10.7	33.7	2.4
1942	5,555,699	38.0	7.3	30.7	28.6	0.4	32.3	0.7
1943	6,466,190	30.7	7.1	23.6	23.3	0	44.2	1.8
1944	6,941,213	24.1	7.4	16.7	22.3	0	52.1	1.5
1945	5,996,234	24.3	6.9	17.4	27.5	0	46.7	1.5
1946	5,656,721	32.3	7.9	24.4	26.6	0	40.3	0.8
1947	7,757,754	25.2	4.9	20.3	23.4	0	50.8	0.6
1948	7,083,389	29.8	6.4	23.4	24.4	3.6	41.3	0.9

a/ Data for years '37, '38, '40, '41, and '48 are charges against quotas; quotas not in effect Sept. 11 - Dec. 31, '39, and Apr. 13, '42 - Dec. 31, '47.

b/ Hawaii, Puerto Rico, and Virgin Islands.

MOLASSES AND SIRUP PRODUCTION

Production of molasses and sirup during the first quarter of 1949 in the mainland area of the United States by primary distributors of sugar exceeded that of Jan.-March 1948 by more than $3\frac{1}{2}$ million gallons. Except for a slight increase in refiners' blackstrap, all of the additional production was accounted for by the approximately 4,500,000-gallon increase in sugarcane blackstrap during the first quarter of 1949. Beet final molasses production was 35 percent below Jan.-March 1948.

The two major factors responsible for the substantial increase in sugarcane blackstrap production during the first quarter of 1949 were (1) the considerably larger mainland sugarcane crop in 1948-49 as compared to the previous year, and (2) higher blackstrap production per ton of sugarcane processed. Freezing weather in part of the mainland area contributed to the larger blackstrap outturn per ton of cane.

The decrease in the volume of sugarcane molasses during Jan.-March 1949 as compared to the first quarter of 1948 probably reflects the uncertainty in the sugarcane molasses market, as well as producers' attitudes toward adding to the already large supply at prices then current.

Table 11. MOLASSES AND SIRUP PRODUCTION BY PRIMARY DISTRIBUTORS
OF SUGAR IN THE UNITED STATES 1/
JANUARY - MARCH 1948 AND 1949, BY MONTHS
(Gallons)

	Refiners' sirup	Refiners' blackstrap	Sugarcane molasses (other than blackstrap)	Sugarcane blackstrap	Beet Molasses 2/ (final)	Total
<u>1948</u>						
Jan.	261,447	2,205,957	457,974	3,069,196	2,852,429	8,847,003
Feb.	336,171	2,050,554	0	1,248,426	1,324,768	4,959,919
Mar.	371,235	2,355,915	0	1,242,793	0	3,969,943
1st Qtr.	968,853	6,612,426	457,974	5,560,415	4,177,197	17,776,865
<u>1949</u>						
Jan.	297,877	2,459,107	292,767	6,841,778	1,681,269	11,572,798
Feb.	262,709	2,360,920	0	2,095,745	1,065,363	5,784,737
Mar.	386,339	2,529,860	0	1,109,894	0	4,026,093
1st Qtr.	946,925	7,349,887	292,767	10,047,417	2,746,632	21,383,628
1949 as percentage of 1948	97.7	111.2	63.9	180.7	65.8	120.3

1/ Mainland area only.

2/ Reported in tons, converted on basis of 11.75 pounds per gallon.

NOTE: Does not include sugarcane syrups produced by mainland cane sugar mills because only a relatively small proportion of these syrups normally are produced by such mills. The bulk of the production of sugarcane syrups normally is by plants which are designed exclusively for syrup production. These plants include a few fairly large ones in Louisiana as well as thousands of small plantation-type plants scattered throughout the southern parts of all the Gulf States.

FAIR AND REASONABLE WAGE RATES FOR THE 1949 CROP OF SUGAR BEETS

The Department issued two wage determinations for the 1949 crop of sugar beets. The first, issued on January 12, 1949, covered work in California and the second, issued on March 11, 1949, covered work in states other than California.

In the determination for California the hourly time rates in effect for the 1948 crop were continued, i.e., 60 cents per hour for nonharvest work and 65 cents per hour for harvest work, but piecework rates for specified operations were eliminated. Instead of the specific piecework rates, provision was made whereby the producer and the laborer could agree upon such rates subject to the condition that the hourly earnings of the laborer be not less than the applicable time rate. This change was made to provide for greater flexibility in setting piecework rates under the varying field conditions which are typical of California. The determination was amended, however, on April 12, 1949, because in some localities it proved to be unworkable for early season work this year. In the amendment the piecework rates for the operations of thinning, hoeing and weeding specified in the determination covering the 1948 crop were reinstated for the 1949 crop. The harvesting piecework rate provision remained the same as in the original determination.

The 1949 wage determination for states other than California continued, with modifications, the general level of wages specified for the 1948 crop. Time rates for nonharvest and harvest work remained at 60 and 65 cents per hour, respectively, and piecework rates for "summer" work operations remained unchanged from 1948. Adjustment was made, however, in the harvesting rates in order to more closely align the wage rates to the normal pattern of worker performance. Generally the result of the changes in harvesting rates was to reduce the rates somewhat at lower yields, to continue about the same rates as in 1948 at average yields, and to increase the rates slightly at higher yields. Except for minor modifications, other provisions of the 1948 wage determination were continued for the 1949 crop.

As in previous years, both of the 1949 wage determinations provided that the producer must furnish to the laborer, without charge, the perquisites customarily furnished by him such as a house, garden plot and similar items, in addition to the specified wage rates.

LOUISIANA SUGARCANE WAGE AND PRICE HEARING:

Announcement was made on June 21, 1949, that a public hearing will be held at Thibodaux, Louisiana, in the Grand Theater, on July 15, 1949, at 9:30 a.m., for the purpose of receiving evidence (1) on wage rates for workers in Louisiana employed in the harvesting of the 1949 crop of sugarcane and in the planting and cultivation of sugarcane during 1950, and (2) on fair prices for the 1949 crop of sugarcane.

One of the conditions which producers must meet to qualify for payments under the Sugar Act of 1948 is to pay wage rates not less than those determined to be fair and reasonable by the Secretary of Agriculture after public hearing and investigation. The act also provides, as a condition for payment, that processors who are also producers must pay for sugarcane purchased from other producers at prices determined to be fair and reasonable by the Secretary of Agriculture.

In order to obtain the best possible information, the Department requests that all interested persons appear at the hearing to express their views and present appropriate data in regard to wages and prices.

PUERTO RICAN SUGARCANE PRODUCTION RESTRICTIONS ANNOUNCED

A determination providing the procedure for establishment of proportionate shares (production allotments) for sugarcane farms in Puerto Rico for the 1949-50 crop was issued June 22, 1949 by the Department. The extent of the restriction on total production will be announced at a later date.

Although legislation providing for compliance with farm proportionate shares as a condition for Sugar Act payments has been in effect since 1937, proportionate shares have not been restrictive in nature for the past seven crops. However, production from the 1948-49 crop is expected to be the largest in Puerto Rican history and it appears reasonably certain that some restriction of production from the 1949-50 crop will be necessary to avoid excessive carryover into 1951.

The determination deals with the establishment of proportionate shares for (1) old farms, (2) small farms, and (3) new farms. It establishes proportionate shares for farms in terms of sugar by the use of a formula for determining farm bases. This formula gives equal weight to "past production" and "ability to produce" -- the two standards named in the Act. "Past production" is measured by the average production of the preceding three crops -- 1946-47, 1947-48, and 1948-49 -- as a base period, and "ability to produce" by the highest production from any one of the crops in the base period.

The proportionate shares for farms (other than small farms) on which there was production during the base period will be computed by applying to farm bases a conversion factor which will represent the relationship of requirements for sugar from such farms from the 1949-50 crop to the total of the bases for all such farms.

(continued)

Protection is provided small producers by the establishment of minimum proportionate shares of 10 short tons of sugar for small farms. More than one-half of the sugarcane farms in Puerto Rico produce less than this amount.

New farms, which had no production in the base period, will receive minimum proportionate shares of 10 short tons of sugar if the producer resides on the farm and receives a major portion of his income from the farm. Otherwise, the proportionate shares for new farms will be established on the basis of 50 percent of the appraised production if the sugarcane was planted prior to the issuance of the determination, and 25 percent if planted subsequent to the issuance of the determination.

Proportionate shares for new farms will be established on the basis announced today because production of sugar had been encouraged during the wartime emergency and the Department had given no indications, prior to the announcement of an informal hearing at San Juan on March 3 of this year, when restrictions would be necessary. Subjects discussed at the San Juan meeting included (1) the amount of sugar to be considered as a normal carryover inventory, (2) the base period to be selected as a measure of past production, (3) the manner of measurement of ability to produce, and (4) the problems created for many farms because of drought in recent years.

Provision has also been made for the filing of appeals by producers who may be subjected to undue hardships by reason of the application of the determination issued today.

SUGAR: CHANGES IN UNITED STATES RATES OF DUTY, 1789 TO DATE

This listing of U. S. rates of duty on sugar from 1789 to date has been prepared by the United States Tariff Commission at the request of the Sugar Branch, FMA, USDA. The Tariff Commission states that prior to the Act of 1894, the rates have been checked only for the acts given. There may have been some changes between acts not recorded here. The rates are complete subsequent to the Act of 1894.

Tariff Act of -

Cents per pound

July 4, 1789 - (George Washington, President):

On brown sugars -----	1
On loaf sugars -----	3
On all other sugars -----	1-1/2

August 10, 1790 - (George Washington, President):

Loaf sugar -----	5
Brown sugar -----	1-1/2
Other sugar -----	2-1/2

June 5, 1794 - (George Washington, President):

Same as August 10, 1790, except on refined sugar an additional ----- 4

June 7, 1794 - (George Washington, President):

After June 30 on clayed or lump sugar shipped to the United States:
In United States vessels, an additional rate of -- 1
In foreign vessels, an additional rate of ----- 1-1/10

January 29, 1795 - (George Washington, President):

"That after the said last day of March next, the present duties payable upon clayed sugars, shall cease and there shall be paid upon all white clayed or white powdered sugars, three cents per pound, and upon all other clayed or powdered sugars, one-and-one-half cents per pound."

March 3, 1797 - (George Washington, President):

After June 30 next on all brown sugar, an additional
duty of ----- 1/2

May 13, 1800 - (John Adams, President):

On all brown sugar an additional duty of ----- 1/2

(continued)

Changes in United States Rates of Duty, continuedTariff Act of -Cents per poundApril 27, 1816 - (James Madison, President):

Brown sugar -----	3
White clayed or powdered sugar -----	4
Lump sugar -----	10
Loaf sugar -----	12

July 14, 1832 - (Andrew Jackson, President):

Brown sugar and sirup of sugar cane, in casks ----	2-1/2
White clayed sugar -----	3-1/3

August 30, 1842 - (John Tyler, President):

Raw sugar and on brown clayed sugar -----	2-1/2
On all other sugars not refined -----	4
Refined sugar, including tinctured, colored, or otherwise adulterated -----	6

July 30, 1846 - WALKER TARIFF - (James K. Polk,
President):

Thirty percentum ad valorem on sugars of all kinds

March 2, 1861 - (James Buchanan, President):

Raw sugar -----	3/4
Refined sugar -----	2
Refined sugar, when tinctured, colored or adulter- ated -----	4

(Dutch standard of color test adopted)

August 5, 1861 - (Abraham Lincoln, President):

Sugars not above No. 12 Dutch standard of color --	2
Sugars above No. 12 Dutch standard of color -----	2-1/2
Refined sugars -----	4
Refined sugars, when tinctured, colored or adulter- ated -----	6

December 24, 1861 - Abraham Lincoln, President):

Raw sugar and sugars not above No. 12 Dutch stand- ard -----	2-1/2
White and clayed sugars above No. 12 Dutch stand- ard -----	3
Refined sugar -----	5
Refined sugar tinctured or colored or adulterated-	8

(continued)

Changes in United States Rates of Duty, continuedTariff Act of -Cents per poundJuly 14, 1862 - (Abraham Lincoln, President):

Sugars not above No. 12 Dutch standard of color -----	2-1/2
Sugars from No. 12 to No. 15 Dutch standard of color -----	3
Sugars above No. 15 and not above No. 20 Dutch stand- ard of color -----	3-1/2
Refined sugar and sugar above No. 20 Dutch standard of color -----	4
Refined sugar when tintured, colored or adulterated-	10

June 30, 1864 - (Abraham Lincoln, President):

Sugars not above No. 12 Dutch standard of color ---	3
Sugars from No. 12 to No. 15 Dutch standard of color -----	3-1/2
Sugars from No. 15 to No. 20 Dutch standard of color -----	4
Refined sugar and sugar above No. 20 Dutch standard of color -----	5

July 14, 1870 - (Ulysses S. Grant, President):

Sugars not above No. 7 Dutch standard of color ----	1-3/4
Sugars from No. 7 to No. 10 Dutch standard of color-	2
Sugars from No. 10 to No. 13 Dutch standard of color -----	2-1/4
Sugars from No. 13 to No. 16 Dutch standard of color -----	2-3/4
Sugars from No. 16 to No. 20 Dutch standard of color -----	3-1/4
Refined sugar and sugar above No. 20 Dutch standard of color -----	4

March 3, 1875 - (Ulysses S. Grant, President):

Increasing existing rate by 25 percent

June 3, 1875 - All raw sugar from Hawaii free as per
treaty concluded January 30, 1875

(Polariscope test adopted in combination with the Dutch
standard in color test)

(continued)

Changes in United States Rates of Duty, continuedTariff Act of -Cents per poundMORRILL TARIFFMarch 3, 1883 - (Chester A. Arthur, President):

Sugars not above No. 13 Dutch standard of color and not testing above 75 degrees by the polariscope ----	1.4
For each degree above 75 degrees an additional <u>four one-hundredths cents per pound</u> when not above No. 13 D.S.	
Sugars above No. 13 and not above No. 16 Dutch standard of color -----	2-3/4
Sugars above No. 16 and not above No. 20 Dutch standard of color -----	3
Above No. 20 Dutch standard of color -----	3-1/2

McKinley TariffOctober 1, 1890 - (Benjamin Harrison, President):

Bounty of 2 cents per pound on home-produced sugar testing not less than 90 degrees by the polariscope, but if testing less than 90 degrees and not less than 80 degrees, <u>1-3/4 cents</u> , effective July 1, 1891 to July 1, 1905	
Sugar below No. 16 Dutch standard of color -----	Free
Sugar above No. 16 Dutch standard of color -----	1/2
Countervailing duty -----	1/10

WILSON TARIFFAugust 27, 1894 - (Grover Cleveland, President):

Bounty repealed	
Sugar below No. 16 Dutch standard of color, <u>40 per cent ad valorem</u>	
Sugar above No. 16 Dutch standard of color, <u>40 per cent ad valorem</u> and -----	1/8
Countervailing duty -----	1/10

DINGLEY TARIFFJuly 24, 1897 - (William McKinley, President):

Sugars not above No. 16 Dutch standard of color and not above 75 degrees by the polariscope -----	95/100
For each degree above 75 degrees, an additional ---	35/1000
Duty on 96-degree sugar equal to -----	1-685/1000
Refined sugar and sugar above No. 16 Dutch standard of color -----	1-95/100
Countervailing duty, equal to bounty paid in foreign country.	

(continued)

Changes in United States Rates of Duty, ContinuedTariff Act of -Cents per poundCUBAN RECIPROCITY TREATYDecember 27, 1903 - (Theodore Roosevelt, President):

Reciprocity treaty with Cuba became effective,
 reducing United States duty 20 percent on sugar
 imports from Cuba, making duty on 96-degree
 sugar -----
 (Convention signed December 11, 1902. Act to
 carry convention into effect passed December 17,
 1903. Treaty proclaimed and effective December
 27, 1903.)

1.348

PAYNE-ALDRICH TARIFFAugust 5, 1909 - (Wm. H. Taft, President):

Same as July 24, 1897, except on refined sugar and
 sugar above No. 16 Dutch standard of color -----

1-90/100

(Dutch standard of color test discontinued)

UNDERWOOD-SIMMONS TARIFFOctober 13, 1913 - (Woodrow Wilson, President):

On and after March 1, 1914, sugar testing not above
 75 degrees by the polariscope -----
 And for each additional degree shown by the polari-
 scopic test, 26/1000 of 1 cent additional, frac-
 tions of a degree in proportion; and providing
 that all sugar be transferred to the free list
 May 1, 1916; duty on 96-degree sugar from Cuba --

71/100

1.0048

Duty on 96-degree sugar from other foreign countries
 Duty on refined sugar from foreign countries other
 than Cuba -----
 April 27, 1916 - Free sugar clause repealed.

1.256

1.36

EMERGENCY TARIFFMay 27, 1921 - (Warren G. Harding, President):

Sugars not above 75 degrees by the polariscope 1.16
cents per pound.

For each degree above 75 degrees an additional
4/100-cents per pound.

Duty on 96-degree sugar from Cuba -----
 Full duty on 96-degree sugar -----
 Full duty on refined sugar -----

1.60

2.00

2.16

FORDNEY-MC CUMBER TARIFFSeptember 22, 1922 - (Warren G. Harding, President):

Sugars not above 75 degrees by the polariscope 1.24
cents per pound

For each degree above 75 degrees an additional
46/1000-cent per pound

Duty on 96-degree sugar from Cuba -----
 Full duty on 96-degree -----
 Full duty on refined sugar -----

1.7648

2.206

2.390

(continued)

Changes in United States Rates of Duty, ContinuedTARIFF ACT OF 1930 AND SUBSEQUENT MODIFICATIONS

I t e m	(Per pound)			
	: Testing : by the : polariscope : not above : 75 : sugar : degrees	: Plus, : for each : sugar degree : over 75, : and : fractions of : a degree in : proportion	: : Computed rates : : 96-degree: : sugar	: 100-degree : sugar
	: <u>Cents</u>	: <u>Cents</u>	: <u>Cents</u>	: <u>Cents</u>
Paragraph 501:				
Sugars, tank bottoms, sirups of				
cane juice, melada, concentrated:				
melada, concrete and concentra-				
ted molasses; and all mixtures				
containing sugar and water,				
testing by the polariscope above:				
50 sugar degrees:				
Product of Cuba:				
Act of 1930, effective June 18-	1.37	.03	2.0	2.12
Presidential proclama-				
tion, under Sec. 336, Tariff:				
Act of 1930, effective June:				
8, 1934 -----	1.0275	.0225	1.5	1.59
Trade Agreement, Cuba,				
effective September 3, 1934:	1/.6165	1/ .0135	1/ .9	1/ .954
Trade Agreement, Cuba,				
effective January 5, 1942 --	.51375	.01125	.75	.795
Geneva Agreement,				
effective January 1, 1948 --	.3425	.0075	.50	.53
Other than product of Cuba: 2/:				
Act of 1930, effective June				
18 -----	1.7125	.0375	2.5	2.65
Presidential proclamation,				
under Sec. 336, Tariff Act				
of 1930, effective June 8,				
1934 -----	1.284375	.028125	1.875	1.9875
Trade Agreement, Peru,				
effective July 29, 1942 --	.6421875	.0140625	.9375	.99375
Geneva Agreement,				
effective January 1, 1948 --	3/ .4709375	3/ .0103125	3/ .6875	3/ .72875

1/ For the period from September 12 to December 26, inclusive, 1939, the June 1934 rates applied.

2/ Except product of Philippines. Philippine product free of duty, subject to quota since 1934.

3/ Rates not specified in Geneva agreement, but proclaimed pursuant to Article 1, to prevent increase in margin of preference (see Presidential proclamation of January 30, 1948).

